

§ 203.77

§ 203.77 May I voluntarily give up relief if conditions change?

Yes, by sending a letter to that effect to the MMS Regional Director for the GOM.

[67 FR 1878, Jan. 15, 2002]

§ 203.78 Do I keep relief if prices rise significantly?

If prices rise above a base price for light sweet crude oil or natural gas, set by statute for pre-Act leases, indicated in your original lease agreement or Notice of Sale for post-November 2000 deep water leases, you must pay full royalties as prescribed in this section. For post-November 2000 deepwater leases, price thresholds apply on a lease basis, so different leases on the same field, development project, or expansion project may have different price thresholds.

(a) Suppose the arithmetic average of the daily closing NYMEX light sweet crude oil prices for the previous calendar year exceeds \$28.00 per barrel, as adjusted in paragraph (f) of this section. In this case, we retract the royalty relief authorized in this section and you must:

(1) Pay royalties on all oil production for the previous year at the lease stipulated royalty rate plus interest (under 30 U.S.C. 1721 and §218.54 of this chapter) by March 31 of the current calendar year, and

(2) Pay royalties on all your oil production in the current year.

(b) Suppose the arithmetic average of the daily closing NYMEX natural gas prices for the previous calendar year exceeds \$3.50 per million British thermal units (Btu), as adjusted in paragraph (f) of this section. In this case, we retract the royalty relief authorized in this section and you must:

(1) Pay royalties on all natural gas production for the previous year at the lease stipulated royalty rate plus interest (under 30 U.S.C. 1721 and §218.54 of this chapter) by March 31 of the current calendar year, and

(2) Pay royalties on all your natural gas production in the current year.

(c) Production under both paragraphs (a) and (b) of this section counts as part of the royalty-suspension volume.

(d) You are entitled to a refund or credit, with interest, of royalties paid

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on any production (that counts as part of the royalty-suspension volume):

(1) Of oil if the arithmetic average of the closing oil prices for the current calendar year is \$28.00 per barrel or less, as adjusted in paragraph (f) of this section, and

(2) Of gas if the arithmetic average of the closing natural gas prices for the current calendar year is \$3.50 per million Btu or less, as adjusted in paragraph (f) of this section.

(e) You must follow our regulations in part 230 of this chapter for receiving refunds or credits.

(f) We change the prices referred to in paragraphs (a), (b), and (d) of this section periodically. For pre-Act leases, these prices change during each calendar year after 1994 by the percentage that the implicit price deflator for the gross domestic product changed during the preceding calendar year. For post-November 2000 deepwater leases, these prices change as indicated in the lease instrument or in the Notice of Sale under which we issued the lease.

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1878, Jan. 15, 2002]

§ 203.79 How do I appeal MMS's decisions related to Deep Water Royalty Relief?

(a) Once we have designated your lease as part of a field and notified you and other affected operators of the designation, you can request reconsideration by sending the MMS Director a letter within 15 days that also states your reasons. The MMS Director's response is the final agency action.

(b) Our decisions on your application for relief from paying royalty under §203.67 and the royalty-suspension volumes under §203.69 are final agency actions.

(c) If you cannot start construction by the deadline in §203.76(b) for reasons beyond your control (e.g., strike at the fabrication yard), you may request an extension up to 1 year by writing the MMS Director and stating your reasons. The MMS Director's response is the final agency action.